

## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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COUNTRY	Hungary	REPORT NO.	25X1
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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.  
 THE APPRAISAL OF CONTENT IS TENTATIVE.  
 (FOR KEY SEE REVERSE)

- 25X1 1. The Heavy Metal Industry Division (Nehezfemipari Foeosztaly) of the Foundries and Machine Industries Ministry controlled the production of war materials in Hungary until February 1952, when it was separated from the Ministry and expanded to form the Medium Machine Industry Ministry (Koezepgepipari Ministerium). The formation of the new Ministry was necessary because of the increase in production of war materials.
- 25X1 [REDACTED]
2. The Heavy Metal Industry Division was organized in the summer of 1948 and was located at Szabadsag tér 5/6, Budapest, on the third floor of the building which in 1950 became the main building of the Foundries and Machine Industries Ministry.
3. Operations of this division were secret and its name was a cover name. Most of the technical personnel were military, e.g., army engineers, technicians, and arms experts. The division was often visited by high-ranking officers.
4. Security measures were strict. Only persons with special passes were allowed to visit this division. Officials of the Foundries and Machine Industries Ministry working in the same building had to have special passes to visit the third floor. Visitors were escorted and the time of their visit and its duration were registered. The entrance to the third floor was blocked with iron bars and an iron door. All the windows of the third floor had iron bars. The employees themselves were pledged to secrecy; one did not know what the other was doing.

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5. In 1951 there was a purge in this Division after an investigation by the security officers and out of about 300 employees, all Party members, 250 were separated. Many separated employees were arrested.

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[redacted] conversation between two of its officials. One of them mentioned that production of certain parts for tanks and armored vehicles could not start because the blue prints had not yet arrived from the German Democratic Republic. [redacted]

[redacted] this Division maintained high level liaison with East Germany. [redacted] all war materials were standardized on the Soviet pattern.

7. The first chief of this Division from 1948 to 1951 was (fnu) VELLER, who was transferred to the post of director of the MAVAG Locomotive and Machine Factory, (MAVAG Mozdony es Gepgyar) Budapest, in 1951, after the purge in the Division. His place was taken by Gyoergy KOEVARI, a fanatical Communist, who was transferred to the Medium Machine Industry Ministry when it was created as Chief of a Division.

8. The Heavy Metal Industry Division was in constant touch with the Soviet Secretariat, a group of Soviet technical experts attached to the Foundries and Machine Industries Ministry to supervise production, especially in metallurgy, and to act in an advisory capacity to the Ministry. The overt function of the Secretariat was control of reparations deliveries. Chief of the Soviet Secretariat was an army engineer named (fnu) ZAKHPAYEV. It is possible that the Soviet Secretariat was transferred to the Medium Machine Industry Ministry [redacted]

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9. With the separation of the Heavy Metal Industry Division from the Foundries and Machine Industries Ministry, many of the departments and personnel from other Divisions in the Ministry were transferred and the Foundries and Machine Industries Ministry therefore had to undergo further reorganization.

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